


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# ***THE INTERIM***

**JULY 1999**

**HELENA, MONTANA**

**VOL. XII NO. 2**

## **INTERIM COMMITTEE ASSIGNMENTS**

Speaker Resigns From Council...Speaker of the House John Mercer has resigned from the Legislative Council. According to 5-11-101, MCA, a legislator who is a member of the Council by virtue of a legislative leadership position and will not serve in the following legislative session because of term limits may designate another legislator to serve on the Council. Speaker Mercer has appointed Representative Mark Noennig to replace him.

Other Appointments And Resignations...The Speaker of the House and the Senate Committee on Committees have appointed the following legislators to the Education and Local Government Committee:

Sen. Mike Sprague

Sen. Jon Tester

Rep. Jeff Mangan

Rep. Joe McKenney

Speaker Mercer has appointed the following representatives to the interim committees created in Senate Bill No. 184:

### **LOCAL GOVERNMENT FUNDING AND STRUCTURE**

Rep. Mary Anne Guggenheim

Rep. Bob Story

### **COURT FUNDING AND STRUCTURE**

Rep. Ron Erickson

Rep. John Witt

Rep. Larry Grinde has resigned from the Electrical Utility Restructuring Transition Advisory Committee.

Committee Correction...In the June issue of ***THE INTERIM***, Rep. Frank Smith was incorrectly listed as a member of the Children, Families, Health, and Human Services Committee. The correct name is Rep. Trudi Schmidt. ***THE INTERIM*** regrets this error.

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## TRANSITION ADVISORY COMMITTEE

Appointments Made...The legislative appointments to the Electrical Utility Restructuring Transition Advisory Committee (TAC) have been made and include:

Rep. Ernest Bergsagel	Rep. Tom Dell
Rep. Stan Fisher	Rep. Royal Johnson
Rep. Joe Quilici	Sen. Steve Doherty
Sen. J.D. Lynch	Sen. Walt McNutt
Sen. Mike Sprague	Sen. Fred Thomas
Sen. Bill Wilson	

At this time, the public members of TAC remain the same as during the 1997-1998 interim and include:

Bob Anderson	Stephen Bradley
Perry Cole	Al Davis
Stan Dupree	Kathy Hadley
Gene Leuwer	Bob Nelson
Don Quander	Roma Taylor
Dave Wheelihan	

To Meet In September...The TAC is tentatively scheduled to hold its first meeting on Friday, September 24 at the Federal Building in Helena. The members will adopt a meeting schedule, review a work plan, and elect officers at that time.

For further information about the TAC or to be placed on the interested persons' mailing list, please contact Stephen Maly, Legislative Services Division, at 444-3064 or by e-mail at <smaly@state.mt.us> after July 12.

## LEGISLATIVE SERVICES DIVISION

### LIBRARY

Reports Available...The following reports are available from the Legislative Library:

- "Administrative Rules--MAPA Requirements: Outline For a Miniseminar"  
John MacMaster June 1999
- "Interim Committee Powers Relating to Administrative Rules"  
John MacMaster May 1999
- "The Need For the Montana Administrative Procedure Act and Legislative Oversight, Under MAPA, of Administrative Rulemaking"  
John MacMaster 1999

To request copies of these reports, please contact the Legislative Library at 444-3064 or by e-mail at <efurbush@state.mt.us>.

## CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES COMMITTEE

Committee Organizes For Interim...On June 15, the Children, Families, Health, and Human Services Committee elected Senator Mignon Waterman as presiding officer and Representative Loren Soft as vice-presiding officer. The Committee adopted a five-meeting schedule for the interim that will be supplemented with meetings of the Mental Health Managed Care Subcommittee (House Joint Resolution No. 35). The mailing lists from last interim's Committee on Children and Families and the Subcommittee on Welfare and Child Support Enforcement Programs are being used as the basis for the interested persons' list for the Children, Families, Health, and Human Services Committee. People on those lists will receive their first mailing in early August.

A general organizational meeting is planned for August 20. The meeting will include a Department of Public Health and Human Services overview and an opportunity for interested persons to provide input on the areas that they believe are important for the Committee to monitor. The Committee will adopt a work plan for its interim activities at this meeting.

If you wish to be placed on the interested persons' list, please contact Susan Byorth Fox at (406) 444-3597, by e-mail at <sfox@state.mt.us>, or by regular mail to: Legislative Services Division, PO Box 201706, Helena MT 59620-1706.

## MENTAL HEALTH MANAGED CARE SUBCOMMITTEE

Subcommittee Appointed...The Legislative Finance Committee appointed a Mental Health Managed Care Subcommittee as provided for in House Joint Resolution No. 35. The members of the Subcommittee come from the Legislative Finance Committee (LFC), the Legislative Audit Committee (LAC), and the Children, Families, Health, and Human Services Committee (CFHHSC) The members are:

Sen. Chuck Swysgood, LFC	Sen. Eve Franklin, LFC
Rep. Lila Taylor, LFC	Rep. Matt McCann, LFC
Sen. Bob Keenan, CFHHSC	Sen. Mignon Waterman, CFHHSC
Rep. Loren Soft, CFHHSC	Rep. Beverly Barnhart, LAC

The Subcommittee will hold approximately 6 meetings over the interim in conjunction with either the Legislative Finance Committee or the Children, Families,

Health, and Human Services Committee. The Legislative Finance Committee has also adopted a tentative study plan for the Subcommittee.

For further information about the Subcommittee or to be placed on an interested persons list, please contact Lois Steinbeck, Legislative Fiscal Division, at (406) 444-2986 or Susan Byorth Fox, Legislative Services Division, at (406) 444-3597.

## DISTRICTING AND APPORTIONMENT COMMISSION

Fifth Member Yet To Be Appointed...The first four members of the Districting and Apportionment Commission are awaiting appointment by the Supreme Court of the fifth member who will serve as the presiding officer. The Commission will meet after the fifth member is selected and is expected to meet occasionally throughout the interim.

The Commission's charge is to redistrict the state for both the congressional and legislative districts following the 2000 census. By January 1, 2001, the state will learn whether an additional congressional seat will be gained in the reapportionment of congressional seats. The census data is expected in the first months of 2001, when redistricting will begin in earnest. In the meantime, the Commission will be preparing background research, adopting a timetable for the process, selecting criteria, and making decisions on data and methodology.

If you wish to be placed on the interested persons' list, please contact Susan Byorth Fox by phone at (406) 444-3597, by e-mail at <sfox@state.mt.us>, or by regular mail to: Legislative Services Division, PO Box 201706, Helena MT 59620-1706.

## ENVIRONMENTAL QUALITY COUNCIL

EQC To Meet In Libby...The Environmental Quality Council (EQC) will meet in Libby in September to begin its interim study process in earnest. The EQC met in May and mapped out its interim study topics and selected subcommittees. Those study topics include: the Montana Environmental Policy Act, eminent domain laws, water policy, stream corridor management, growth and land use, and environmental trends and indicators. The EQC staff is currently conducting background research on each of the study topics.

In addition to these study topics, the EQC has legislative oversight for the Department of Fish, Wildlife, and Parks, the Department of Environmental Quality, and the Department of Natural Resources and Conservation.

For more information about the EQC or the September meeting, please contact the EQC staff at 444-3742 or by e-mail at <teverts@state.mt.us>.

## LEGISLATIVE AUDIT COMMITTEE

Audit Committee Meets... The Legislative Audit Committee met June 14 in Room 225 of the Scott Hart Building. The following reports were presented.

### CONTRACT AUDIT:

#### Montana Medical Legal Panel (99C-01)

Henry Fenton, Certified Public Accountant, conducted this audit for the year ending December 31, 1998.

### FINANCIAL AUDIT:

#### Montana Water Pollution Control and Drinking Water State Revolving Fund Program, Departments of Environmental Quality and Natural Resources and Conservation (99SP-48)

This report contains the audited financial statements and accompanying notes for fiscal year 1997-98.

### FINANCIAL-COMPLIANCE AUDITS:

#### Department of Corrections (98-16)

A financial-compliance audit of the Department of Corrections was performed for the two fiscal years ending June 30, 1998. The previous audit report contained two recommendations. A qualified opinion was issued on the financial schedules contained in this report. This means the reader should use caution when relying on the presented financial information and the supporting detailed information on the Statewide Budgeting and Accounting System. This audit report contains 12 recommendations to the Department. The recommendations relate to inadequate controls over payroll, monitoring and compliance over service contracts, and disposition of contraband.

#### Department of Natural Resources and Conservation (98-18)

This audit report is the result of a financial-compliance audit of the Department of Natural Resources and Conservation for the two fiscal years ending June 30, 1998. A qualified opinion was issued on the financial schedules contained in this report. This means the reader should use caution when relying on the presented financial information and the supporting data on the Statewide Budgeting and Accounting System. The previous audit report contained five recommendations. The Department implemented three and partially implemented two. The two recommendations not fully implemented relate to air operations and uncleared collections in the Agency Fund.

This report contains eight recommendations to the Department concerning overtime pay for firefighters, compliance with state policy, enhancing accounting procedures, and laws regarding portable sawmills.

#### Department of Labor and Industry (98-14)

A financial-compliance audit of the Department of Labor and Industry was performed for the two fiscal years ending June 30, 1998. A qualified opinion was issued on the financial schedules, which means the reader should use caution when relying on the presented financial information and the supporting data on the Statewide Budgeting and Accounting System. The prior audit report contained three recommendations and the Department implemented all three. This audit report contains seven recommendations to the Department. The current recommendations relate to purchasing card controls, unrecorded expenditures, internal service fund cash reserves, general fund loans, unemployment insurance cash transfers, accounts receivable, and intra-fund transfers.

#### The University of Montana (98-10)

A financial-compliance audit of the University of Montana, all campuses, was performed for the two fiscal years ending June 30, 1998. The report contains 11 recommendations addressing areas where the University of Montana can improve its financial accountability and its compliance with state and federal laws and regulations. The report contains one recommendation directed to the Office of the Commissioner of Higher Education. This recommendation discusses the University System's unrelated business income tax return for fiscal year 1996-97. The report also contains one recommendation directed to the Board of Regents, pertaining to security over information technology resources. Three recommendations discuss issues related to unrecorded revenues, errors in the University's accounting records, and the fund placement of the Peter Potter Loan Fund. Six recommendations discuss issues related to the University's compliance with federal laws and regulations. These issues include charging allowable costs to federal programs, reporting program income, monitoring subrecipients, submitting federal reports, training staff, reporting time and effort, and calculating employee leave rates. Three recommendations address areas where the University can improve its compliance with specific state laws and regulations concerning recovery of indirect costs, awarding of food service contracts, and reporting theft to the Attorney General and the Legislative Auditor. Another recommendation discusses issues relating to controls over cash collections on one campus. This issue was also discussed in the University's audit report for fiscal years 1994-95 and 1995-96.

#### Department of Revenue (98-15)

This report contains the results of a financial-compliance audit of the Department of Revenue for the two fiscal years ending June 30, 1998. The previous audit report contained seven recommendations to the Department. The Department implemented five and did not implement two of the prior audit recommendations. This report contains six recommendations directed to the Department. A qualified opinion was issued on the financial schedules presented in this report. This means the reader



should use caution when relying on the presented financial information and the supporting detailed information on the Statewide Budgeting and Accounting System.

#### Office of Public Instruction (98-19)

This financial-compliance audit report contains the results of an audit of the Office of Public Instruction (OPI) for the two fiscal years ending June 30, 1998. An unqualified opinion was issued on the financial schedules of OPI for fiscal years 1996-97 and 1997-98. This means the reader can rely on the information presented and the supporting accounting records. The report includes seven recommendations to improve OPI's compliance with state law and federal regulations. The prior audit contained nine recommendations. OPI implemented six of the recommendations, did not implement one, and two were no longer applicable. The recommendation not implemented is discussed in Recommendation #1 of this report.

#### Department of Fish, Wildlife & Parks (98-20)

This audit report is the result of a financial-compliance audit of the Department of Fish, Wildlife, and Parks for the two fiscal years ending June 30, 1998. The previous audit report contained two recommendations and a disclosure issue to the Department. This report contains ten recommendations. The recommendations relate to internal controls related to employee access to the state's accounting system; fees commensurate with costs in the Internal Service Fund; compliance with federal regulations related to monitoring subgranted federal funds, timely drawing of federal funds, employee allocation of leave and recording of time, and agreements for construction projects; recording of license agent certificates of deposit; and proper recording of financial transactions on the state's accounting system.

#### Montana Historical Society (98-25)

This report contains the results of a financial-compliance audit of the Montana Historical Society for the two fiscal years ending June 30, 1998. The previous audit report contained three recommendations to the Society. The Society implemented all three recommendations. This report contains three recommendations. The recommendations address areas where the Society can improve compliance with state law.

### **PERFORMANCE AUDIT:**

#### Lodging Facility Use Tax, Departments of Commerce and Revenue and Tourism Research Program (98P-09)

The audit identified issues relating to the Department of Revenue's controls over bed tax collections that could be improved. The Department of Revenue should also improve and use management information and formally analyze resources needed to administer the bed tax. Finally, distribution amounts to tourism entities did not include approximately \$177,000 of bed tax funds due to the tourism entities.

Issues relating to the Department of Commerce's use of bed tax funds included developing objectives and related outcome measurements for Montana Promotion

Division programs. Improving contracting procedures, correctly distributing bed tax funds to regional tourism agencies, and seeking alternative funding for the International Trade Office were also included as recommendations. Montana also needs to establish the role and scope of the Tourism Research program and establish guidelines for selection of research projects. Finally the report addressed issues relating to the statutory appropriation of bed tax funds. The audit recommended that the 2001 Legislature consider the requirements of statutory appropriation laws as they relate to bed tax funds.

#### **INFORMATION SYSTEMS AUDITS:**

##### The Economic Assistance Management System (TEAMS), Department of Public Health and Human Services (99DP-03)

This information systems audit at the Department of Public Health and Human Services reviewed input, processing, and output controls over data processed through TEAMS. In addition, the audit reviewed compliance with federal requirements for data processed through TEAMS. The audit includes four recommendations for improving controls over TEAMS' electronic data processing environment. These recommendations address incomplete file documentation, inaccurate applicant time limits, inaccurate income and resource code tables, and unnecessary access privileges granted to contract employees.

##### Child and Adult Protective Services System (CAPS), Department of Public Health and Human Services (Follow-up 99DP-05)

This audit was a follow-up audit on recommendations from an information systems audit of the Department of Public Health and Human Services CAPS System. Follow-up results indicate that most of the recommendations addressed in the original report are either fully or partially implemented. The report outlines the status of recommendations not fully implemented, including programmer access to productions files, two system programming changes, and the CAPS/SBAS reconciliation.

#### **PERFORMANCE FOLLOW-UPS:**

##### Administration of Consultant Design Projects at Montana Department of Transportation (99SP-54)

The Department of Transportation uses consultants to provide a variety of services such as road design, surveying, and environmental studies. The most important change the Department made in response to the audit is modification of its computerized Project Management System so that it will better accommodate consultant design projects. This change should help the Department establish realistic schedules for the completion of consultant designs. This change should also enable the Department to better monitor consultant progress and improve its project management procedures. Another important change was the development of an in-house cost estimating form and cost estimation procedures. This will enable the Department to improve its estimating and negotiating activities for initial agreements

and also give management more information when reviewing contract supplements.

Relocating Utilities on Montana's Highway Right-of-Way, Montana Department of Transportation (97SP-72)

The 1995 audit found that the Department's internal control system did not provide for adequate oversight of the utility relocation process. There were numerous examples of both unallowable and questionable costs that were not identified and resolved by the Department's internal control structure. In addition to summarizing the results of the follow-up work, the report presents background on utility relocation and the changes the Department has made in its procedures since the audit. A change to a unit cost system will help address many of the issues. The new system will make it much easier to establish the estimated cost of a project and verify final project costs. The change to unit costs helps in the implementation of most of the audit recommendations.

Petroleum Storage Tank Release Cleanup Activities, Petroleum Tank Release Compensation Board, Departments of Environmental Quality (DEQ) and Justice (99SP-53)

A follow-up review of the performance audit of the petroleum storage tank release cleanup activities (96P-03) was conducted. The agencies are developing policies and procedures to implement the recommendations. DEQ implemented a new management information system that has improved its ability to track underground storage tanks and enforce state and federal regulations. The Board revised procedures for determining Petrofund eligibility and for processing reimbursement claims. The DEQ is developing a process for setting priorities for cleaning up petroleum contamination. The Board and DEQ have started to implement procedures to improve monitoring of cleanup reimbursements. At the current level of expenditures, the Petrofund balance is projected to decline to a negative balance in early fiscal year 2001. However, the projections do not indicate there is a serious problem with the Petrofund cash balance or the Board's ability to meet statutory obligations. Since the Board can obtain more loans from the Board of Investments, the agency will be able to continue paying claim expenses and other obligations. However, the state will need to continue collecting the per-gallon storage tank fee to continue paying claims and until the Board repays the loans.

Hard Rock Mining Regulation (95SP-69)

At the time of the original audit, the Department of State Lands administered hard rock and placer mining laws. These operations are now managed by the Department of Environmental Quality (DEQ). Audit follow-up work was conducted in conjunction with the performance audit of the Permitting and Compliance Division (PCD), DEQ. The report for the PCD audit (98P-08) was issued in December 1998. It appears a majority of recommendations from the original hard rock mining regulation audit are not fully implemented. They are either partially implemented, being implemented, or not implemented. Follow-up audit work on the PCD audit should provide further information on the activities associated with hard rock and placer mining regulation in Montana. Review of recommendations regarding effective supervision, standardizing

permitting and compliance procedures, and prioritizing compliance activities, as well as management memorandum issues to the Environmental Management Bureau, will provide insight on procedures used for permitting, monitoring, and enforcing hard rock mining activity.

#### Probation & Parole Recommendations, Department of Corrections (98SP-49)

A performance audit of the Probation and Parole Process (95P-01) administered by the Department of Corrections was issued in March 1996. Since that time, the Legislative Audit Division has completed various other projects and audits related to Community Corrections programs. The Probation and Parole Bureau has been and continues to implement audit recommendations. This report outlines the audit recommendations and implementation status in each area. Management and supervision areas still need to be addressed.

#### Analysis of Game Warden Work Activities, Department of Fish, Wildlife and Parks (98SP-48)

A performance audit analysis of game warden work activities (95P-04), was issued in March 1996. Four of five recommendations were implemented. While one recommendation (resource-based planning) is not fully implemented, the Department identified steps for implementation. Implementation requires the participation of the Fisheries, Wildlife, and Parks Divisions as well as the Law Enforcement Division (LED). As a result, full implementation is a long-term process. The Department has strengthened central office involvement in license fraud investigations. The Department restructured the ex-officio warden program. The LED established policies and procedures regarding TipMont operations and citation controls.

#### Teacher Certification Process, Office of Public Instruction

Performance audit work at the Teacher Education and Certification Division within the Office of Public Instruction (OPI) concentrated on examining the roles of the involved groups and identifying potential areas for increased efficiency. Overall, the teacher certification process in Montana is operating as intended. Although the system has inherent inefficiencies, the follow-up notes that the Division has made improvements to streamline the process by eliminating the Request for Initial Application Materials form and overlapping correspondence files, examined cost-effective alternatives to upgrade the computer system, and contracted for microfilming services. OPI, the Board of Public Education, and the Certification Standards and Practices Advisory Council did not seek legislation to redefine the funding structure for this process to provide support for program administration. The Board did not seek legislative clarification on specific academic and professional guidelines for Class 7 (Native American) certification.

## STATE ADMINISTRATION, PUBLIC RETIREMENT, AND VETERANS' NEEDS COMMITTEE

Committee Organizes For Interim...At its organizational meeting held on June 14, the State Administration, Public Retirement, and Veterans' Needs Committee (SAIC) elected Representative Matt Brainard as presiding officer and Senator Sue Bartlett as vice-presiding officer. The SAIC also adopted the following meeting calendar for the interim:

### 1999:

Th- F Sept. 9-10

W-Th Nov. 10-11 (Veterans' Day is the 11th)

### 2000:

Th-F Jan. 20-21

Th-F Feb. 3-4

Th-F Mar. 30-31

Th-F May 18-19

Th-F Aug. 3-4

Th-F Sept. 14-15

Under the provisions of HB 79, the SAIC will be:

- ♦ overseeing the Public Employees' Retirement Board's implementation of a new optional defined contribution retirement plan for members of the Public Employees' Retirement System (PERS), which covers more than 28,000 state and local government employees, including legislators;
- ♦ examining disability benefits for public employees; and
- ♦ studying ways to address the rising health insurance and medical care costs for public retirees.

Additionally, the Legislative Council assigned to the SAIC the SJR 9 study of the state's contracting laws.

Finally, the SAIC voted to continue to perform the duties and responsibilities previously assigned by statute to the Committee on Public Employee Retirement Systems. Thus, SAIC will review any potential legislation affecting a public retirement system. The SAIC will conduct public hearings on each proposed retirement plan change, examine the proposal's policy and fiscal implications, and make a recommendation to the next legislature about whether the proposal, if it becomes a bill, should be passed, amended, or not passed.

At the SAIC's next meeting on September 9-10, the SAIC will adopt a study plan and receive background reports and overviews related to its interim duties.

For more information about SAIC activities or to be placed on the interested persons' mailing list, please contact Sheri Heffelfinger, Legislative Services Division, at

(406)444-3064, or by e-mail at <sheffelfinger@state.mt.us>.

## REVENUE AND TAXATION COMMITTEE

Revenue and Taxation Committee Elects Officers...The Revenue and Taxation Committee met June 14. The Committee elected Representative Chase Hibbard as presiding officer and Senator Jon Ellingson as vice-presiding officer. Other Committee members include Representatives Ron Erickson, Dan Harrington, Bob Story, Roger Somerville, and Emily Swanson and Senators Vicki Cocchiarella, Bob Depratu, Bill Glaser, Fred Thomas, and Mignon Waterman.

Committee Reviews Interim Duties...Under Senate Bill No. 11, the Revenue and Taxation Committee has administrative rule review, program evaluation, and monitoring functions for the Department of Revenue and the Department of Transportation. Under prior law, the former Revenue Oversight Committee had similar oversight functions for the Department of Revenue. Senate Bill No. 11 expands that authority to include the Department of Transportation. The Committee expressed interest in reviewing the construction schedule of the Department of Transportation as well as the Department of Revenue's information technology development. The Committee also expressed a desire to involve the public in its oversight functions of the Departments.

Senate Bill No. 11 retained most of the statutory functions previously assigned to the Revenue Oversight Committee. One of the Committee's most important functions is the development of general fund revenue estimates before each regular legislative session. The Committee also develops revenue estimates for nongeneral fund revenue sources, including fuel taxes and trust fund interest earnings. In the event of a projected general fund budget deficit as the result of a shortfall in general fund revenue collections, the Budget Director is required to report to the Committee on the estimated shortfall. The Committee is required to provide recommendations to the Budget Director concerning the amount.

Senate Bill No. 390 and Senate Bill No. 396 from the 1997 legislative session directed the Committee to analyze the amount of state and local revenue derived from previously regulated electric utilities and natural gas suppliers, respectively, in competitive markets. The 1999 Legislature revised the taxation of electrical generation property by reducing the property tax rate from 12% to 6% applied to that property and by imposing a wholesale energy transmission tax (House Bill No. 174). Some outstanding issues include whether previously regulated electric and natural gas utilities are centrally or locally assessed, the allocation of values to taxing jurisdictions, and whether the new tax rate applied to electric generation property is appropriate given the reduction in business equipment taxes from 6% to 3% under Senate Bill No. 200. Senator Thomas also suggested looking at the equalization of taxation of investor-owned and rural electric cooperative transmission and distribution lines.

Finally, the Committee will review the implementation of property tax changes



under Senate Bill No. 184 (Class Four Property Tax Relief), Senate Bill No. 200 (Business Equipment Tax Reduction), Senate Bill No. 260 (Motor Vehicle Tax Reduction), House Bill No. 128 (Revised Taxation of Telecommunications Property), House Bill No. 174 (Revised Taxation of Electrical Generation Facilities), and of changes in oil and natural gas production taxes under Senate Bill No. 530 (Simplification of Oil and Natural Gas Production Taxes), House Bill No. 658 (Stripper Well Exemption), and House Bill No. 661 (Reduced Tax Rates on Certain Stripper Well Production).

Committee To Conduct Interim Studies...Only one interim study was specifically assigned to the Committee. Senate Bill No 454 requires a payment in lieu of tax to Powell County from the Department of Corrections for the ranch operation at the state prison. The bill also provides for a review of state payments in lieu of taxes to local governments from grazing, agricultural, and forest activities that are self-supporting or that compete with private enterprise. The study would address the issue of whether other state agricultural or forestry operations should provide payment in lieu of taxes in the county in which they operate.

Committee staff recommended that the Committee undertake an examination of certain local government bonding capacity provisions. Under current law, a taxing jurisdiction generally may not incur debt in excess of a specified percentage of taxable value within the jurisdiction. In recent years, the Legislature has revised the debt limit laws to account for property tax reductions. In particular, the 1999 Legislature revised the bonding capacity limitations to account for rate reductions for business equipment, livestock, telecommunications property, and electrical generation property. The purpose of the study would be to look at whether bonding capacity laws may be simplified. It would include examining measures other than taxable value to ascertain a taxing jurisdiction's ability to incur debt.

Committee Adopts Meeting Schedule...The Committee adopted the following meeting schedule (subject to change) for the interim:

1999:

September 23  
December 10

2000:

February 18  
April 14  
June 16  
August 18  
September 15  
October 20 (tentative, revenue estimating)  
November 17 (tentative date) -- adoption of revenue estimating resolution

For more information about the meeting or the Revenue and Taxation Committee in general, or if you want to be included on the Committee's interested persons' mailing list, contact Jeff Martin, Legislative Services Division, at (406) 444-3064 or by e-mail

at <jmartin@state.mt.us>. The staff attorney for the Committee is Lee Heiman.

## EDUCATION AND LOCAL GOVERNMENT COMMITTEE

Committee Holds Organizational Meeting...The Education and Local Government Committee held its first meeting on Monday, June 14 at the Federal Building in Helena. The Committee elected officers, adopted a meeting schedule, appointed subcommittees, and generally discussed the Committee's duties this interim. Representative Gay Ann Masolo was elected presiding officer and Senator Greg Jergeson was elected vice-presiding officer. The Committee adopted the following meeting schedule:

1999:

September 30-October 1  
November 4-5

2000:

February 10-11  
May 11-12  
June 22-23

A final meeting date in August or September 2000 will be selected later in the interim.

Committee Hears About New Responsibilities...Connie Erickson, Committee lead staff, reviewed the duties and responsibilities of the Committee as outlined in Senate Bill No. 11. The Committee is responsible for oversight of the Board of Regents, the Board of Public Education, and the Office of Public Instruction. Those agencies will be invited to make presentations to the Committee over the interim regarding their programs, new initiatives, and any proposed legislation for the 2001 session. The Committee has also assumed the duties of the old Postsecondary Education Policy and Budget Committee. This last duty will necessitate the creation of a subcommittee.

Eddy McClure, staff attorney to the Committee, briefly described the Committee's responsibility for administrative rule review. The Committee will assume the rule review duties of the old Administrative Code Committee. The Board of Regents is exempt from the Montana Administrative Procedures Act (MAPA), so the Committee will not be reviewing the Regents' administrative rules. A recent District Court ruling that was not appealed by the Governor or the Attorney General raised the Board of Public Education's rulemaking authority to the same level as the Regents. However, the Board of Public Education still submits its rules for MAPA review. The Committee members decided that they did not want to see a copy of every rule; they preferred that Ms. McClure review the rules and bring any problems she finds to the Committee.



Committee Assigned Three Interim Studies...The Committee has been assigned three interim studies. Senate Joint Resolution No. 16 requests a study of the funding and administration of the Montana University System. The resolution asks the Committee to look at funding issues, including the current lump-sum funding; other funding mechanisms, such as individual scholarships; and funding mechanisms in other states. The resolution also asks for research into greater local control of the university units by the communities in which the units are located. The higher education subcommittee created by the Committee will conduct this study. Sandy Whitney of the Legislative Fiscal Division will staff the subcommittee and direct the study.

House Joint Resolution No. 29 is a study of state laws relating to local governments and local officials. The resolution calls for a two-part study. The first part is more of a philosophical discussion about the relationship between state and local governments and how that philosophy is translated into law. The second part of the study asks for revisions to specific sections of local government law. Staff felt that the study was sufficiently broad and large enough to consume two interims' worth of work. Connie Erickson will direct the study.

House Joint Resolution No. 38 is a study of salary and employment issues for juvenile probation officers. Leanne Kurtz will direct that study. However, she did not believe that it would take up a lot of the Committee's time.

Committee To Look At K-12 Tuition...Another issue before the Committee but not in the form of a study resolution is that of out-of-district tuition in K-12 school districts. It is an issue that the Legislature has grappled with for two sessions without coming to any satisfactory conclusion. The House Education Committee requested the Education and Local Government Committee to study the issue over the interim and propose legislation, if necessary, for consideration in 2001. Senator Duane Grimes is working on the issue independently and has requested the Committee's assistance. The Committee felt that this was an important enough issue to warrant the Committee's attention over the interim and assigned Representative Masolo and Senators Toews and Tester to work with Senator Grimes. Eddy McClure will work with the Committee on this issue.

Committee Appoints Two Subcommittees...After much discussion, the Committee decided to form two subcommittees to work on the major issues this interim. The Committee was particularly concerned that local government issues not receive short shrift simply because they were added on to the Committee after the passage of SB 11. The two subcommittees are:

Joint Subcommittee on Postsecondary Education Policy and Budget

Sen. Ellis	Rep. Andersen
Sen. Jergeson	Rep. Facey
Sen. McCarthy	Rep. Masolo
Sen. Toews	Rep. McCulloch
Regent Ed Jasmin	Regent Margie Thompson
Eric Burke	MUS student
Sandy Whitney, staff	

Local Government Subcommittee

Sen. Sprague

Rep. Mangan

Connie Erickson, staff

Sen. Tester

Rep. McKenney

Leanne Kurtz, staff

Committee Hears Presentation from OPI... Madalyn Quinlan of the Office of Public Instruction (OPI) made a presentation on the "Montana Statewide Education Profile" issued by OPI in mid-May. The presentation was somewhat abbreviated because of the length of the organizational portion of the meeting. Each member of the Committee was presented with a copy of the Education Profile.

To Adopt Study Plans At Next Meeting... The next meeting of the Education and Local Government Committee is scheduled for September 30-October 1. At that time, study plans for the assigned studies will be discussed and adopted.

For further information about the Committee or to be placed on the Committee's interested persons' mailing list, please contact Connie Erickson, Legislative Services Division, at 444-3064 or by e-mail at <cerickson@state.mt.us>.

## LEGISLATIVE COUNCIL

Council To Hold Retreat... The Legislative Council will meet at Yellow Bay on Flathead Lake on August 26-27. The purpose of the meeting is to set goals and objectives for the Council and the Legislative Services Division (LSD) and to plan for the interim.

Council To Conduct Study... The study of the feasibility of televising the legislative proceedings requested in House Joint Resolution No. 18 will be conducted by the Legislative Council. Stephen Maly, research analyst with the LSD, will direct the study. A preliminary analysis and a recommended study plan will be presented to the Council at its September 17 meeting.

For further information or to be included on the interested persons' mailing list for the Civic Television Study, please contact Stephen Maly, Legislative Services Division, at 444-3064 or by e-mail at <smaly@state.mt.us> after July 12.

## LAW, JUSTICE, AND INDIAN AFFAIRS COMMITTEE

Wheeler Conference To Examine Tribal Sovereignty... The Burton K. Wheeler Center for Public Policy, based at Montana State University-Bozeman, sponsors

conferences and discussions each spring and fall, dealing with issues ranging from corrections to revitalizing Montana's downtowns. Native American sovereignty will be the focus of the fall conference on August 26-27 at Cavanaugh's Colonial Inn in Helena. As its enabling statute requires, the Law, Justice, and Indian Affairs Committee must provide a forum for state-tribal relations and act as a liaison between state government and Montana's Indian people. Two days immersed in sovereignty discussions should provide the Committee members and others in attendance a head start in, arguably, one of the trickiest topics they are likely to face in the next year. Presiding Officer Lorents Grosfield and Vice-Presiding Officer Carol Juneau are encouraging Committee members and all legislators to attend the conference.

While the issue of tribal sovereignty is particularly relevant to the Committee, all legislators stand to benefit from attending the conference, as does anyone with even a passing interest in the unique status of Indian people and their relationship to the state and federal governments.

Wheeler Center literature on the Conference reads:

*Indian treaty rights granted by the federal government have an enormous legal, fiscal and social impact on states. What rights have been conferred? To whom? Are reservation lands sovereign nations or accountable in some way to state governments? How can all parties concerned come to an agreement about issues that affect contiguous state and tribal lands: air and water quality, tax revenues from gambling and mining activities, private inholdings on reservation lands, policing and jurisprudence?*

*These issues and others will be the focus of the Wheeler Fall Conference, to be held in Helena on August 26 & 27. As is customary, the conference will feature first-rate thinkers on Native issues from across the state and around the nation.*

Legislators will be receiving more information on the conference as well as registration materials. Other interested persons may contact the Wheeler Center at (406)994-0336 or visit the Center's website at <<http://montana.edu/wheeler/ns4-index.html>>.

Committee To Meet Around Montana...The Committee has tentatively scheduled its next meeting for September 16 and 17 in Billings. Agenda items will include a work session during which study plans will be presented for each of the studies assigned to the Committee (sentencing, the Women's Prison, a proposed Commission on Indian Affairs, and eminent domain). Members will discuss the extent to which each study topic should be examined.

Committee members will also be asked to select locations for future meetings from a number of options. A dearth of meeting space in Helena (due to the closure of the Capitol), together with the Committee's charge to act as a liaison between the Legislature and the tribes and the Legislature and the judiciary, combine to present the 1999-2000 Committee with an excellent opportunity to "take it on the road". Area district judges, tribal leaders and members, and interested members of the public will

all be notified of the Committee's meeting locations and invited to attend to voice concerns, propose ideas, ask questions, or just listen to the proceedings.

The interested persons' lists from last interim's Committee on Indian Affairs and Correctional Standards and Oversight Committee have been combined to form the interested persons' list for the Law, Justice, and Indian Affairs Committee. If you were not on either of these lists and would like to be added, or if you were on either of these lists and no longer wish to be notified of upcoming meetings, please contact Leanne Kurtz, Legislative Services Division, at 444-3064 or by e-mail at <lekurtz@state.mt.us>.

## INTERIM DIRECTORY

Directory Available Mid-July...By mid-July, the 1999-2000 Interim Directory will be available through the Legislative Services Division. The Directory will contain the interim committees' statutory citations, statutory mandates, membership requirements, assigned studies, assigned staff, and the members' names, addresses, phone numbers, and e-mail addresses (if available).

The same information will be placed on the Legislative Branch's Internet web page. A user will be able to click on a committee name and view all of the data listed above for that committee. In addition, these committee sites will provide access to committee reports, research papers, meeting agendas, and meeting schedules.

Be checking the 1999-2000 Interim Committees link at <<http://state/mt/us/leg/branch>> for this updated interim committee information.

If you have any questions about the publication of interim committee information, contact Leanne Kurtz, Legislative Services Division, by phone at 444-3064 or by e-mail at <lekurtz@state.mt.us>.

## BUSINESS, LABOR, AND AGRICULTURE COMMITTEE

Committee Organizes For Interim...The recent special legislative session offered members of the Business, Labor and Agriculture Committee the opportunity to dispense with a number of administrative responsibilities and begin the process to frame an approach to the various duties the Committee will need to accomplish this interim. Of particular importance, Senator John Hertel and Representative Carley Tuss were elected as presiding officer and vice-presiding officer, respectively. Perhaps more importantly for planning purposes, the Committee also adopted a tentative interim calendar with the following dates:

October 8, 1999  
November 5, 1999  
January 14, 2000  
March 3, 2000  
April 14, 2000  
June 23, 2000  
August 24-25, 2000

At this time, each meeting is scheduled for a full day and will be held in Helena. However, as conditions warrant, the meetings may be scheduled outside of Helena to better facilitate public input and involvement. Stay tuned for changes.

Committee To Look At Privatization, Workers' Comp, and Ag Land Preservation...Of the three studies assigned to the Committee, House Bill 515, an examination of privatization and the impact of government competition with private vendors, is shaping up to be one of great interest to Committee members and several interest groups. Staff will spend the remainder of the summer collecting background information (with member and public input being a crucial element) to ensure the Committee can jump into this topic with both feet during the October meeting.

Work continues on the study plans for the two remaining studies: SJR 15, an analysis of specific questions relating to Workers' Compensation; and SJR 21, a study to more clearly define possible incentives to preserve agricultural land in Montana.

Oversight Work To Begin This Summer...Committee members should expect information from staff regarding the draft agency oversight plan and rule review responsibilities over the course of the summer. The agencies are beginning to develop their reports and should have much of their oversight contribution completed by the November meeting.

As always, if anyone has a desire to participate in any of the assigned studies or has need for further information regarding the summer activities of the Business, Labor, and Agriculture Committee, please contact Gordy Higgins, Legislative Services Division, at 444-3064 or by e-mail at <gohiggins@state.mt.us>.

## THE BACK PAGE

## THE RESTORATION OF OFFICIAL NEIGHBORLINESS

by Stephen Maly, Research Analyst  
Legislative Services Division

*There are many good reasons to strengthen our working relationships with governments in the western U.S. The western states are an important trade market, we share transportation links, we are a major source of each other's tourism, and we have similar histories. We also share the same concerns in many areas, which can provide the basis for cooperation on cross-border issues.*

Alberta Premier Ralph Klein

*We both face the same issues in terms of commodity prices. We are both sensitive to fluctuations in the Asian economy. We both have, shall we say, some challenges with our respective federal governments. And we are both tied directly to the land in terms of economics...Many Montanans are fond of calling our state "the last best place." I believe that "last best West" was a similar slogan used to advertise Alberta to potential homesteaders nearly a century ago. So even our phrasing is similar.*

Montana Governor Marc Racicot

## INTRODUCTION

The Montana-Alberta Boundary Advisory Council (MABAC) was created by Governor Racicot through Executive Order 7-98 in March of 1998. The Montana contingent is composed of 19 members headed by Lt. Governor Judy Martz and including 2 members each of the House and Senate and the directors of the Departments of Agriculture, Commerce, Environmental Quality, and Transportation. The group also includes the Commissioner of Higher Education, the Director of the Historical Society, a representative from Legislative Services Division (the author), and six persons from the private sector appointed to the Council by the Governor. MABAC is a joint body; the Alberta Legislative Assembly created its "half" over a decade ago. Governor Racicot's Executive Order formalized Montana's participation, as state officials had been meeting and corresponding with their provincial counterparts on an ad hoc basis over the years.

The purpose of the Council is to strengthen intergovernmental cooperation, promote various types of cross-border exchange, and encourage understanding between citizens in Montana and Alberta. Executive Order 7-98 acknowledged a number of

salient facts; for example, that the state and the province "share a legacy of cultural traditions, economic conditions, and common goals" and that the two jurisdictions share about 200 miles of international border and 6 ports of entry.

Although its title suggests otherwise, MABAC has little to say or do about the international boundary between the state and the province. The federal level International Boundary Commission deals with keeping the 49th parallel visible and well-maintained; the International Joint Commission handles transborder water issues and related environmental matters under terms of the 1909 Boundary Waters Treaty. At the same time, however, the Council has played an important role in prodding federal agencies in both countries to upgrade the customs and immigration facilities at the border crossing at Sweetgrass, Montana and Coutts, Alberta, the busiest bilateral port of entry between the Great Lakes and the West Coast.

### SCENES FROM THE ANNUAL MEETING

The 1999 annual meeting of MABAC convened on June 4 in Lethbridge, Alberta. On the evening of June 3, the group took a field trip to Head Smashed-In Buffalo Jump, about an hour's bus ride northwest from the city, and were treated to an informative overview of regional history, including the early days of the Northwest (later Royal) Canadian Mounted Police at Fort Macleod and tales of the whiskey, coal, and other trade goods that connected what is now southwest Alberta to Fort Benton and the upper Missouri freight operators in Montana in the last century. At the Buffalo Jump, which is a rather stunning provincial museum built into the Porcupine Hills, the members listened to detailed explanations of the buffalo hunt from a Blackfeet tribal guide and to the laugh-like singing of a band of coyotes out on the adjoining prairie. Everyone was treated to a hearty meal of buffalo stew, bannock, fry bread, peach juice, and a subtly sweet crumble of Saskatoon berries and whipped cream. On the way back to Lethbridge, the group viewed the 1989 documentary entitled "The Invisible Border" on the well-equipped vehicle's video screens. Much to the author's delight, a few of the Canadians on board commented that the film was good but needs to be updated. (Underwriters of a sequel are encouraged to contact this scriptwriter, or better yet, Lt. Governor Judy Martz.)

The meeting on June 4 took a solid half day. Agenda items included:

- ◆ Various transportation topics, including Canamex, the prospective highway enhancement project linking Edmonton to Mexico City and utilizing Interstate 15 through Montana, and the passage of Senate Bill No. 330 in the 1999 session. The bill, signed by Governor Racicot, prohibits the Montana Department of Transportation from entering into contracts for highway or construction projects with bidders who are not headquartered in the U.S. unless there is a reciprocity agreement in place. Since passage of the measure, the U.S. government has nullified its effects on all projects that receive federal funding. Nevertheless, Alberta officials still object to the remainder (state funded roads), since there are



no official barriers to Montana construction companies who want to bid on provincial projects.

- ◆ A review of the Agricultural Summit in Great Falls (see below).
- ◆ A brief discussion of the student exchanges between the University of Montana and the University of Calgary, as well as the agreement between the state and the province affecting elementary and secondary students who attend schools in the neighboring country as a result of locational and logistical factors.
- ◆ An overview of issues and opportunities pertinent to the constituent tribal groups in Alberta and Montana that were once combined in a Blackfeet Confederation that transcended the 49th parallel. Former Montana Representative George Heavy Runner reminded the group, for example, of the historical importance of the Old North Trail, an early, indigenous version of the Rocky Mountain Trade Corridor.
- ◆ An update on the status of talks involving the apportionment of the Milk and St. Mary's River, under the auspices of the federal-level, binational International Joint Commission, and on negotiations between Canada, the U.S., and Mexico toward an agreement on notification processes in response to industrial and other projects that could have significant transboundary environmental impacts.

About half the members of the Montana group attended the meeting, along with a half dozen staff (from the Depts. of Transportation, Commerce, and Natural Resources and Conservation) and two persons representing the Rocky Mountain Trade Corridor, a private sector venture that views the spine of the continent as "three countries, two borders, and one market." There were 27 Albertans, representing the province's departments of International and Intergovernmental Affairs, Community Development, Agriculture, Food & Rural Development, Economic Development, Justice, Infrastructure, and Human Resources & Employment. Four members of the Legislative Assembly (MLAs) were on hand, as were two representatives from the Alberta Trucking Association and one from Canbra Foods, a large wholesaler in western Canada. In addition, officials from the U.S. Consulate in Calgary, the Canadian Consulate in Minneapolis, and the government of Saskatchewan attended the meeting as observers.

The meeting produced results, some concrete and fairly immediate, others more speculative. This article won't attempt to catalog or characterize each item on the agenda, but here are a few highlights.

Having been involved in Montana-Canada relations in the 1980s, the author's ears perked up when Commerce Department Director Peter Blouke remarked that it is important to work toward the institutionalization of MABAC, so that formal cross-border cooperation will withstand changes in administration. It is unfortunately easy to lose track of contacts and to effectively undo forward strides in transborder communication when there are no mechanisms in place that are reasonably insulated



from changes in political temperament and that can ensure, for the executive and legislative branches alike, an accurate institutional memory. The upcoming elections in 2000 underscore this point, since there will most definitely be a change in the governor's office and an unpredictable complexion in the Legislature as a result of term limits.

MABAC will also look into the feasibility of establishing a jointly constructed and administered Internet website to better disseminate information of interest to citizens on both sides of the border and to ameliorate misunderstandings that crop up in both jurisdictions and complicate relationships unnecessarily.

Perhaps the most significant outcome of the meeting, at least on paper and for the record, was tacit agreement on the substantive text of an official Memorandum of Understanding (MOU) between Alberta and Montana. Although the MOU has not been signed at the time of this writing, the final version is likely to read much the same as the draft reproduced below, except for a few minor yet interesting changes of wording that describe how Council members are appointed and MABAC's duration. Note that the draft version, supplied by Alberta, states that the respective legislatures of the province and the state have the appointing authority. This reflects the fact that in Alberta, and in each of Canada's ten provinces (as well as at the federal level), the executive and legislative functions of government are combined. This is a key distinction between parliamentary democracies and democratic republics. No doubt the final document will be tweaked for accuracy. Another necessary modification is in the last paragraph of the MOU, which declares that the agreement will remain in effect for 5 years. Once again, this is a result of the fact that governments in Canada--federal and provincial--generally operate on 5-year election cycles. This contrasts with the typically 4-year cycles in the United States, but the more important legal fact is that the lifespan of an advisory council, under Montana law (2-15-122, MCA), may not exceed 2 years. MABAC may continue for much longer than that, but it will require repeated official renewals by the governor to do so.

**MEMORANDUM OF UNDERSTANDING ON COOPERATION BETWEEN  
THE STATE OF MONTANA, UNITED STATES AND THE PROVINCE OF ALBERTA,  
CANADA, REGARDING THE MONTANA/ALBERTA BOUNDARY  
ADVISORY COMMITTEE (MABAC)**

*In a spirit of promoting closer relations between the State of Montana and the Province of Alberta (hereinafter referred to as "the Parties");*

*In full recognition of:*

- a) the importance of the transboundary relationship between Canada and the United States and between the State of Montana, and the Province of Alberta;*
- b) the increasing interdependence of the economies of both jurisdictions as a result of NAFTA and globalization;*

- c) *the importance of close consultations and cooperation on bilateral issues and the necessity of ensuring open lines of communications between neighbours, in order to prevent the occurrence or escalation of transborder misunderstandings and irritants;*
- d) *the existence of a Boundary Advisory Committee between Alberta and Montana which has met regularly to discuss bilateral issues since it was initially established in 1985;*

*The Parties agree to pursue the following objectives:*

- a) *to promote common goals and strengthen relations by encouraging cooperation and understanding between governments, legislators and citizens of Montana and Alberta involving agriculture, transportation, tourism, environment, education, heritage, and economic issues;*
- b) *to learn from each others' best practices and the world-class expertise found in both jurisdictions;*
- c) *to strengthen and broaden the friendly and mutually beneficial transboundary relations;*
- d) *to meet annually under the Montana/Alberta Boundary Advisory Committee to provide direction to the bilateral issues,*

*The Parties have reached the following understanding:*

*The Parties hereby agree to formalize the Montana/Alberta Boundary Advisory Committee to manage bilateral issues cooperatively in order to minimize potential trade and border disputes, and to manage the partnership in selected areas of common interest, to the mutual benefit of both parties.*

*MABAC will be appointed by the legislatures of the State and legislators of the Province and will include legislators, government officials and representatives of private industry.*

*MABAC will explore cooperation in the following areas:*

- *Agriculture (e.g., plant and animal health issues, market access issues, research)*
- *Transportation; (highways, trucking, border crossing issues, rail)*
- *Tourism*
- *Trade (business development, government procurement, standards, foreign offices)*
- *Education and Research*
- *Environment*
- *Staff exchanges in both the public and private sector*

*In the event of cross border trade irritants, both sides will promote, as a first step, informal cross border consultations for the purpose of seeking resolutions. This would not preclude either party from undertaking action through more formal dispute resolution mechanisms (under multilateral or bilateral trade agreements such as the WTO, NAFTA etc.) should they desire. For this purpose, a mediation panel appointed*

*jointly by MABAC could be formed to seek resolutions to issues based upon a win-win model.*

*Financial and organizational matters concerning exchanges of delegations and information will be negotiated as part of each exchange on a project-by-project basis. As a general rule, each party will bear their own transportation and accommodation costs and the host jurisdiction will endeavour to assist and support the incoming party in making logistical arrangements and appropriate contacts.*

*For purposes of this MOU, the coordinating bodies are for the Province of Alberta, the International Relations Section, Ministry of Intergovernmental and Aboriginal Affairs and for the State of Montana, the Department of Commerce, Economic Development Division.*

*The Parties agree to meet annually for the purpose of reviewing the achievements of MABAC and exploring new areas for cooperation with the meetings to alternate between Montana and Alberta.*

*This Memorandum of Understanding comes into effect on June 4, 1999, and will remain in effect for five years, or until one of the Parties notifies the other, in written form, of its intention to terminate the present Agreement. Any provisions set out in this MOU may be amended or waived by mutual agreement of the parties in writing. The MOU will terminate six months after receiving notice of termination from the other Party.*

*Signed in the City ..*

## THE AGRICULTURAL ANGLE

The meeting in Lethbridge dovetailed with another, an agriculture "summit" called by Governor Racicot and Premier Ralph Klein, which convened on June 1-2 in Great Falls. More than 200 farmers and ranchers from both sides of the border attended the gathering. Producers from both countries admitted, according to the Great Falls Tribune (see the June 7, 1999, lead editorial), that they had a "woeful lack of understanding about how things worked" in their neighboring jurisdiction. This frank acknowledgment harkened back to activities in 1998, when Montana farmers blockaded the port at Sweetgrass, complaining about Canada's government-run export program for grain, and claiming that Canadian livestock producers are "dumping" their cattle into the U.S. and undermining domestic prices. Last fall, Governor Racicot ordered stepped up inspection efforts on Canadian trucks coming south because of alleged unfair trade practices. "There are ongoing constraints," the Governor remarked September 18, "both perceived and real, that inhibit movement of products between our two countries." Apparently, the grain summit helped immensely to dispel mistaken notions about who gets subsidized the most, and in what fashion. The gathering also

generated a set of recommendations, including the following:

- ♦ Alberta and Montana should provide feedback on suggested changes to Canadian and American animal health regulations to their respective federal governments in order to further promote livestock trade.
- ♦ Alberta and Montana producers and government should pursue joint agriculture industry development opportunities.
- ♦ Alberta and Montana should work together to complement each other's potato industries. Working together can facilitate penetration of world markets for North American seed, table, and processed potatoes.

From the liberal uses of words like "regionalization", "harmonization", and "cooperation" during the MABAC discussions in Lethbridge, it was evident that the Agricultural Summit had had a sanguine effect on the participants; the synergy of the back-to-back meetings was palpable.

## BACK TO THE FUTURE

MABAC can be regarded as a vestige--albeit an important one--of the Montana-Western Canadian Provinces Boundary Advisory Committee, a body jointly created and administered by the Montana Legislature and the respective provincial assemblies of Alberta, Saskatchewan, and British Columbia in 1985. This organization dealt with a fairly broad range of issues of common concern, including trade and the transboundary environment, and also addressed opportunities to acknowledge and celebrate aspects of shared cultural heritage.

Montana has a rather large stake in transboundary relationships. The state is uniquely situated vis a vis Canada: no other state shares a border with three provinces, and each of them has been and will continue to be important neighbors in the context of North American trade relations and environmental issues. Despite our physical distance and cultural detachment from Mexico, our trade and investment relations with that country are likely to grow appreciably in the years ahead. In a sense, Montana is "central" to the North American economic space, at least in the West.

Unfortunately, at least in this author's view, our state government has not positioned itself to maximize the opportunities that are concomitant with active participation in regional organizations. While the Legislature was a statutory member of the Pacific Northwest Economic Region (PNWER), it consistently refused to acknowledge its importance with even a token appropriation to fund participation. (Alberta is an engaged participant in PNWER and hosted that organization's annual meeting in Edmonton on June 20-22.) The pattern of indifference on this side of the border was underscored in the 1997 legislative session, when the Montana-Western Canadian Provinces Boundary Advisory Committee was abolished. The rationale for that action

went like this: since we don't fund it, let's get rid of it. Similar reasoning led to PNWER's removal from Montana's statutes in 1999. The effect of such logic is to systematically denigrate our external relations, reinforce an isolationist mentality, and deprive the state generally of meaningful connections with neighboring jurisdictions and potentially beneficial regional partnerships. The opportunity costs of this approach are impossible to quantify, but this author would argue strenuously that they are significant and growing with each passing year.

Fifty-five percent of Montana's total exports of goods go to Canada. This includes the lion's share of our agricultural shipments (grains and livestock) and well over half of primary metals exports. Annual shipments to Canada are far greater in volume than the state's exports to the European Union and Asian markets combined. More generally, trade between the United States and Canada exceeds \$1 billion every day--more than the value of Montana's exports to the world in 1997. Free trade has had significant consequences. Since 1988, the year before the Canadian-American agreement (precursor to NAFTA) entered into effect, total bilateral commercial exchanges have doubled. Canada sends over 85 percent of its exports to the U.S., and we send about a quarter of our total to Canada, a country with one-tenth the population of our own.

Official, subnational relationships appear to be getting back on track. The premiers of Alberta, Saskatchewan, Manitoba, and British Columbia attended the annual meeting of the Western Governors' Association on June 14-15 at Jackson Hole, Wyoming. Their attendance at the American event was foreshadowed by North Dakota Governor Ed Schafer's visit to the Western Premiers' Conference in Drumheller, Alberta in late May. At that meeting, Alberta Premier Ralph Klein lamented the seemingly ever-present litany of trade disputes (over grain, livestock, lumber, and salmon, for example) that obscure friendly relationships and stymie effective communication. "Maybe we can start to talk about those things rather than throwing potatoes at one another," Klein said. (Let it be known that this author had 3 small Yukon golds in his suit pocket during the entire MABAC meeting in Lethbridge, but since nobody there seemed interested in picking a fight--which would have been fun, even if a frightful waste of time and tubers--no spud wars ensued.)

MABAC and other official activities involving Montana and other western states and the four western provinces of Canada signify the partial restoration of a regional, transnational perspective in intergovernmental circles. Ironically, freer north-south trade across the 49th parallel coincided with a chilling of cross-border relationships. The costs of free trade (real and misperceived) may not have directly caused this dissipation of cooperative arrangements and relationships, but it had to have had some effect, as no other events or developments entered the picture. The annual meetings provide an opportunity to raise issues, share information, discuss state, provincial, and federal policies of mutual concern, and monitor developments that will or could have an impact on the respective economies and environments of the neighboring jurisdictions.

In Montana, there is a surprisingly resilient ignorance of and indifference toward our next door neighbors to the north. A personal experience symbolizes this condition. In 1988, while filming "The Invisible Border", this author interviewed a man cutting grain 20 miles south of the Alberta line who had lived in the area all his life and had never set foot in Canada. This is not a reciprocal situation. Hundreds of thousands of western Canadians transit Montana each year, both to visit our celebrated tourist attractions (including the State Capitol) and to reach warm weather destinations in Utah, Arizona, Nevada, and California. Because U.S. markets are of critical importance to Alberta (and to Canada as a whole), and since Montana is the only state that is physically contiguous with the province, knowledge about who we are and how we function is essential to business executives and government officials north of the border. Nevertheless, Canadians and Americans have much to learn from each other, and MABAC offers a practical means of sharing insights. For example, Montana Representative Ernest Bergsagel made the point during the discussion of SB 330 that, unlike the situation in Alberta where the government itself is responsible for the vast majority of legislative proposals, the driving force behind most bills in Montana is constituent groups, lobbyists, and political parties; in the pressure-packed environment of the state's biennial sessions, legislators don't always see bills coming or gauge their significance until they are debated--or not debated!--on the House and Senate floors.

MABAC is one of a growing number of joint bodies on the U.S. border with Canada and Mexico. As such, it is an exercise in paradiplomacy, i.e., diplomatic exchange and consultation at the subnational or non-federal level. It is the nuts and bolts of sharing more than a frontier, or boundary line, but also ecosystems, weather patterns, crop cycles, export markets, transportation corridors, family histories, cultural horizons, and to a certain extent certain mythologies about the settling and unsettling of the Western and Northwestern regions of the continent.

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For additional information and perspectives on Montana's western Canadian connections, including trade and tourism flows, and on organizations and institutions that are playing key roles in the transnational region that includes Montana and Alberta, visit these websites:

<http://www.headwatersnews.org>

<http://www.cec.org>

<http://www.ijc.org>

<http://www.trc.montana.edu>



## **INTERIM CALENDAR**

### **JULY**

July 5, Independence Day observed, holiday

### **AUGUST**

August 19, Mental Health Managed Care Subcommittee

August 20, Children, Families, Health, and Human Services Committee

August 26-27, Legislative Council, Yellow Bay, Flathead Lake

### **SEPTEMBER**

September 6, Labor Day, holiday

September 9-10, State Administration, Public Retirement, and Veterans' Needs Committee

September 16-17, Law, Justice, and Indian Affairs Committee, Billings

September 17, Legislative Council

September 22-23, Environmental Quality Council, Libby

September 23, Revenue and Taxation Committee

September 24, Electrical Utility Restructuring Transition Advisory Committee

September 30-October 1, Education and Local Government Committee





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